

1999 DRAFTING REQUEST**Bill**Received: **10/22/1999**Received By: **shoveme**Wanted: **As time permits**

Identical to LRB:

For: **Michael Powers (608) 266-1192**By/Representing: **Vince**

This file may be shown to any legislator: NO

Drafter: **shoveme**

May Contact:

Alt. Drafters:

Subject: **Tax - individual income
Tax Credits (inc) - homestead**

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Definition of "income" in the homestead credit

Instructions:

See attached. Change def. of "income" so only the taxable portion of an annuity and not the gross amount is counted.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	shoveme 10/29/1999	csicilia 1 1/04/1999		_____			State
/1			martykr 1 1/04/1999	_____	lrb_docadmin 1 1/04/1999		State
/2	shoveme 12/09/1999	jgeller 12/10/1999	martykr 12/13/1999	_____	lrb-docadmin 12/13/1999		State
/3	shoveme 01/10/2000	csicilia 01/10/2000	martykr 01/10/2000	_____	lrb-docadmin 01/10/2000	lrb-docadmin 02/11/2000	

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/3	shoveme 01/10/2000	csicilia 01/10/2000	martykr 01/10/2000	_____	lrb_docadmin 01/10/2000		

01/10/2000 11:11:51 A M

Page 2

FE Sent For:

<END>

12/13/1999 10:20:54 AM

Page 1

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1/2 MES	12/9/99		12/13	12/13			

FE Sent For:

<END>

please e-mail
1/2 to
Vincent Williams in
Rep. Powers' office.

10/28/1999 10:35:23 AM

Page 1

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1/?	shoveme		<i>11/4</i>	<i>21/11</i> <i>11/4</i>			
<i>11 MES 10/29/99</i>							
' FE Sent For: <i>11</i> <i>cjs</i> <i>11/1</i> <i>99</i>							
<END>							

10/12/99
Change definition of "Income" in
the homestead credit so the
definition includes only the taxable
portion of an annuity & not the
gross amount

for Rep. Powers -
from Vince

1999 ASSEMBLY BILL 546

October 20, 1999 - Introduced by Representatives ~~KREUSER, AINSWORTH, BOYLE, CULLEN, HASENOHRL, LA FAVE, MUSSER, STEINBRINK, TURNER and WAUKAU,~~ cosponsored by Senators ~~DARLING and PLACHE.~~ Referred to Committee on Ways and Means.

repen

1 **AN ACT to amend** 71.52 (6) of the statutes; **relating to:** modifying the definition
2 of "income" under the homestead tax credit.

Analysis by the Legislative Reference Bureau

Under current law, "income" is defined under the homestead tax credit as the sum of Wisconsin adjusted gross income (AGI) and a number of other items, to the extent that the other items are not included in Wisconsin AGI, such as certain public assistance payments, nontaxable interest received on state and municipal bonds and certain retirement benefits. One of the retirement benefits that is currently included in the definition of income is the gross amount of any pension or annuity.

This bill changes the definition of "income" under the homestead credit to include only the taxable amount of any pension or annuity, rather than the gross amount.

For further information **see** the **state** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

3 **SECTION 1.** 71.52 (6) of the statutes is amended to read:

4 71.52 (6) "Income" means the sum of Wisconsin adjusted gross income and the
5 following amounts, to the extent not included in Wisconsin adjusted gross income:

ASSEMBLY BILL 546

Internal Revenue Code

SECTION 1

1 maintenance payments (except foster care maintenance and supplementary
2 payments excludable under section 131 of the ~~internal revenue code~~), support money,
3 cash public assistance (not including credit granted under this subchapter and
4 amounts under s. 46.27), cash benefits paid by counties under s. 59.53 (21), the ~~gross~~
5 taxable amount of any pension or annuity (including railroad retirement benefits,
6 all payments received under the federal ~~social security act~~ Social Security Act and veterans disability
7 pensions), nontaxable interest received from the federal government or any of its
8 instrumentalities, nontaxable interest received on state or municipal bonds,
9 worker's compensation, unemployment insurance, the gross amount of "loss of time"
10 insurance, compensation and other cash benefits received from the United States for
11 past or present service in the armed forces, scholarship and fellowship gifts or
12 income, capital gains, gain on the sale of a personal residence excluded under section
13 121 of the ~~internal revenue code~~, dividends, income of a nonresident or part-year
14 resident who is married to a full-year resident, housing allowances provided to
15 members of the clergy, the amount by which a resident manager's rent is reduced,
16 nontaxable income of an American Indian, nontaxable income from sources outside
17 this state and nontaxable deferred compensation. Intangible drilling costs,
18 depletion allowances and depreciation, including first-year depreciation allowances
19 under section 179 of the ~~internal revenue code~~, amortization, contributions to
20 individual retirement accounts under section 219 of the ~~internal revenue code~~,
21 contributions to Keogh plans, net operating loss carry-forwards and capital loss
22 carry-forwards deducted in determining Wisconsin adjusted gross income shall be
23 added to "income". "Income" does not include gifts from natural persons, cash
24 reimbursement payments made under title XX of the federal ~~social security act~~ Social Security Act,
25 surplus food or other relief in kind supplied by a governmental agency, the gain on

ASSEMBLY BILL 546

Internal Revenue Code ✓

1 the sale of a personal residence deferred under section 1034 of the ~~internal revenue~~
2 ~~code~~ or nonrecognized gain from involuntary conversions under section 1033 of the
3 ~~internal revenue code~~. Amounts not included in adjusted gross income but added to
4 "income" under this subsection in a previous year and repaid may be subtracted from
5 income for the year during which they are repaid. Scholarship and fellowship gifts
6 or income that are included in Wisconsin adjusted gross income and that were added
7 to household income for purposes of determining the credit under this subchapter in
8 a previous year may be subtracted from income for the current year in determining
9 the credit under this subchapter. A marital property agreement or unilateral
10 statement under ch. 766 has no effect in computing "income" for a person whose
11 homestead is not the same as the homestead of that person's spouse.

SECTION 2. Initial applicability.

13 (1) This act first applies to taxable years beginning on January 1 of the year
14 in which this subsection takes effect, except that if this subsection takes effect after
15 July 31, this act first applies to taxable years beginning on January 1 of the year
16 following the year in which this subsection takes effect.

(END)

Shovers, Marc

From: Williams, Vincent
Sent: Wednesday, December 01, 1999 11:04 AM
To: Shovers, Marc
Subject: Changes to LRB 3841/1

Page 2

5 under s-59.53 (21), the ~~gross taxable~~ amount of any pension or annuity (including
6 railroad retirement benefits, all payments received under the federal ~~social security~~
7 ~~act~~ Social Security Act and veterans disability pensions), nontaxable interest
8 received from

Marc,

The goal here was to include only the taxable portion of "pension or annuity" and to retain the current law for railroad pensions and SSA payments.

Also, in the parenthesis could you change the wording to: (including retirement or profit sharing plans, individual retirement arrangements, insurance contracts, etc.)
(IRS wording from Form 1099R)

Thank you,

Vince Williams
Research Assistant
Rep. Powers' Office

P.S. If you could send me the revised draft via e-mail, I would appreciate that.

1999 BILL

P. Note

egm

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 5 following amounts, to the extent not included in Wisconsin adjusted gross income:

INS
ANL

BILL

1 maintenance payments (except foster care maintenance and supplementary
2 payments excludable under section 13 1 of the ~~internal revenue code~~ Internal
3 Revenue Code), support money, cash public assistance (not including credit granted
4 under this subchapter and amounts under s. 46.27), cash benefits paid by counties
5 under s. 59.53 (21), ^{retirement benefits under s. 71.05 (1) (a)} ~~the gross payable amount of any pension or annuity (including~~
6 ^{PLAIN} ~~railroad retirement benefits, all payments received under the federal social security~~
7 ~~act (Social Security Act and veterans disability pensions),~~ nontaxable interest
8 received from the federal government or any of its instrumentalities, nontaxable
9 interest received on state or municipal bonds, worker's compensation,
10 unemployment insurance, the gross amount of "loss of time" insurance,
11 compensation and other cash benefits received from the United States for past or
12 present service in the armed forces, scholarship and fellowship gifts or income,
13 capital gains, gain on the sale of a personal residence excluded under section 12 1 of
14 the ~~internal revenue code~~ Internal Revenue Code, dividends, income of a nonresident
15 or part-year resident who is married to a full-year resident, housing allowances
16 provided to members of the clergy, the amount by which a resident manager's rent
17 is reduced, nontaxable income of an American Indian, nontaxable income from
18 sources outside this state and ~~nontaxable deferred compensation~~, Intangible drilling
19 costs, depletion allowances and depreciation, including first-year depreciation
20 allowances under section 179 of the ~~internal revenue code~~ Internal Revenue Code,
21 amortization, ~~contributions to individual retirement accounts under section 219 of~~
22 ~~the internal revenue code~~ Internal Revenue Code, [↓] ~~contributions to Keogh plans, net~~
23 operating loss carry-forwards and capital loss carry-forwards deducted in
24 determining Wisconsin adjusted gross income shall be added to "income". "Income"
25 does not include gifts from natural persons, cash reimbursement payments made

→ life insurance proceeds received on account of the insured ✓

BILL

1 under title XX of the federal ~~social security act~~ Social Security Act, surplus food or
2 other relief in kind supplied by a governmental agency, the gain on the sale of a
3 personal residence deferred under section 1034 of the ~~internal revenue code~~ Internal
4 Revenue Code or nonrecognized gain from involuntary conversions under section
5 1033 of the ~~internal revenue code~~ Internal Revenue Code. Amounts not included in
6 adjusted gross income but added to "income" under this subsection in a previous year
7 and repaid may be subtracted from income for the year during which they are repaid.
8 Scholarship and fellowship gifts or income that are included in Wisconsin adjusted
9 gross income and that were added to household income for purposes of determining
10 the credit under this subchapter in a previous year may be subtracted from income
11 for the current year in determining the credit under this subchapter. A marital
12 property agreement or unilateral statement under ch. 766 has no effect in computing
13 "income" for a person whose homestead is not the same as the homestead of that
14 person's spouse.

SECTION 2. Initial applicability.

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16 (1) This act first applies to taxable years beginning on January 1 of the year
17 in which this subsection takes effect, except that if this subsection takes effect after
18 July 31, this act first applies to taxable years beginning on January 1 of the year
19 following the year in which this subsection takes effect.

20

(END)

D-NOTE

Based on your instructions and based on my review
of the department of revenue's comments contained in the
bill file to 1999 AB 85, I believe that this bill
now meets your intent. You may want to have
it reviewed by the DOF, however,
mzl



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-1247/1
MES:jlg:hmh

1999 BILL

AB85

FNS ANL

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2 of "income" under the homestead tax credit.

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Under current law, the definition of "income" under the homestead tax credit is the sum of Wisconsin adjusted gross income (AGI) and a number of items that are not otherwise includable in Wisconsin AGI, such as certain public assistance payments, nontaxable interest received on state and municipal bonds and certain retirement benefits.

Under the bill, the definition of "income" for homestead credit purposes, as it applies to certain pensions and annuities, is modified such that nontaxable recoveries of a claimant's investment in a pension or annuity is excluded from the definition of "income" and only the taxable portion of the pension or annuity is included.

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DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3841/2dn
MES:cjs&jlg&ksh:km

December 13, 1999

Based on your instructions and based on my review of the department of revenue's comments contained in the bill file to 1999 AB-85, I believe that this bill now meets your intent. You may want to have it reviewed by the DOR, however.

Marc E. Shovers
Senior Legislative Attorney
Phone: (608) 266-0129
E-mail: Marc.Shovers@legis.state.wi.us

Barman, Mike

From: Barman, Mike
Sent: Monday, December 13, 1999 10:22 AM
To: Williams, Vincent
cc: Shovers, Marc
Subject: 99-384112 (by request of MES)



99-3841/2



99-3841/2dn

Mike Barman

Mike Barman - Senior Program Asst. (PH. **608-266-3561**)
(E-Mail: mike.barman@legis.state.wi.us) (FAX: 608-264-6948)

State of Wisconsin
Legislative Reference Bureau • Legal Section • Front Office
100 N. Hamilton Street • 5th Floor
Madison, WI 53703



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-38411/2

MES:cjs&jlg&ksh

1999 BILL

today
MON
1-10-99

reger

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7 unders. 59.53 (21), ~~at benefits under s. 71.05 (1) (a), the gross amount of any~~
8 ~~pension or annuity (including railroad retirement benefits and veterans disability~~
9 ~~pensions, all payments received under the federal social security act and veterans~~
10 ~~disability pensions)~~ Social Security Act, nontaxable interest received from the
11 federal government or any of its instrumentalities nontaxable interest received on
12 state or municipal bonds, worker's compensation, unemployment insurance, the
13 gross amount of "loss of time" insurance, compensation and other cash benefits
14 received from the United States for past or present service in the armed forces,
15 scholarship and fellowship gifts or income, capital gains, gain on the sale of a
16 personal residence excluded under section 121 of the ~~internal revenue code~~ Internal
17 Revenue Code, dividends, income of a nonresident or part-year resident who is
18 married to a full-year resident, housing allowances provided to members of the
19 clergy, the amount by which a resident manager's rent is reduced, nontaxable income
20 of an American Indian, nontaxable income from sources outside this state and
21 ~~nontaxable deferred compensation life insurance proceeds~~ insured, Intangible drilling costs, depletion allowances and depreciation, including
22 first-year depreciation allowances under section 179 of the ~~internal revenue code~~
23 ~~contributions to individual retirement~~ accounts under section 219 of the internal revenue code, contributions to Keogh
24 accounts
25

BILL

1 ~~plans~~, net operating loss carry-forwards and capital loss carry-forwards deducted
2 in determining Wisconsin adjusted gross income shall be added to "income".
3 "Income" does not include gifts from natural persons, cash reimbursement payments
4 made under title XX of the federal ~~social security act~~, ^{Social Security Act} surplus food or other relief in
5 kind supplied by a governmental agency, the gain on the sale of a personal residence
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7 nonrecognized gain from involuntary conversions under section 1033 of the ~~internal~~
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9 income but added to ((income" under this subsection in a previous year and repaid
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20 in which this subsection takes effect, except that if this subsection takes effect after
21 July 31, this act first applies to taxable years beginning on January 1 of the year
22 following the year in which this subsection takes effect.

23 **(END)**

**SUBMITTAL
FORM**

LEGISLATIVE REFERENCE BUREAU
Legal Section Telephone: 266-3561
5th Floor, 100 N. Hamilton Street

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and **sign** on the appropriate line(s) below.

Date: 01/10/2000

To: Representative Powers

Relating to LRB drafting number: LRB-3841

Topic

Definition of "income" in the homestead credit

Subject(s)

Tax - individual income, Tax Credits (inc) - homestead

M. Powers

1. **JACKET** the draft for introduction

in the **Senate** or **the Assembly** ☒ (check only one). Only the requester under whose name the drafting request is entered in the **LRB's** drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT.** See the changes indicated or attached _____

A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW**, prior to introduction _____

If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Marc E. Shovers, Senior Legislative Attorney
Telephone: (608) 266-O 129

